



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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COMMISSIONER OF ADMINISTRATION

July 23, 2003

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2004-03

TO: All ISIS HR Paid Agencies

FROM: Jena W. Cary
Director

SUBJECT: §403(b) Tax Shelter Annuities

In general, only employees working for educational facilities and section 501(c)(3) tax-exempt organizations are eligible, through payroll deduction, to participate in §403(b) tax shelter annuity plans. In addition, eligible employees can establish a payroll deduction only with approved vendors according to each agency's policy. Currently there are several §403(b) tax shelter annuity vendors and wage types in ISIS HR. Although these wage types are not restricted in ISIS HR to specific agencies or employees, the wage types should only be used for those agencies eligible for this deduction. Agencies must contact OSUP **before** accepting any documents from employees or vendors on enrollment in §403(b) plans.

Agencies eligible for §403(b) deductions are responsible for the following:

- **Maintain an agency policy which lists all vendors approved for §403(b) solicitation.** A copy of this policy must be forwarded to OSUP. Requests to add new vendors must be coordinated between the agency, OSUP, and the vendor. OSUP will work directly with each vendor to advise on withholding and payment procedures prior to establishing the payroll deduction. Before a new vendor will be set up, OSUP must have a copy of the above policy and a written request from the agency to add the vendor.
- **Forward copies of §403(b) participant enrollment forms to OSUP.**
- **Monitor tax shelter contributions for each participant to ensure that annual limits are not exceeded.** Refer to OSUP Memorandum # 2003-49 for information regarding §403(b) limits and tools to be used for monitoring.
- **Notify OSUP when a refund of a §403(b) deduction is necessary.** In order to ensure that each employee's W-2 is accurate, all refunds of §403(b) deductions must be processed through ISIS HR. This will be coordinated between OSUP, the vendor, and the agency. If a refund check has been received directly from the vendor and forwarded to the employee, OSUP must be notified immediately.

Note: §403(b) tax shelter annuities are different from §457 deferred compensation tax shelters which are available to all state employees.

Questions regarding this information should be directed to a member of the Wage and Tax Administration Unit at (225):

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JWC:aph:wre:kmb